

*Quarterly  
Journal*

**CONDITION AND PERFORMANCE  
OF COMMERCIAL BANKS**

# CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

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## **Condition of the Banking Industry Press Briefing**

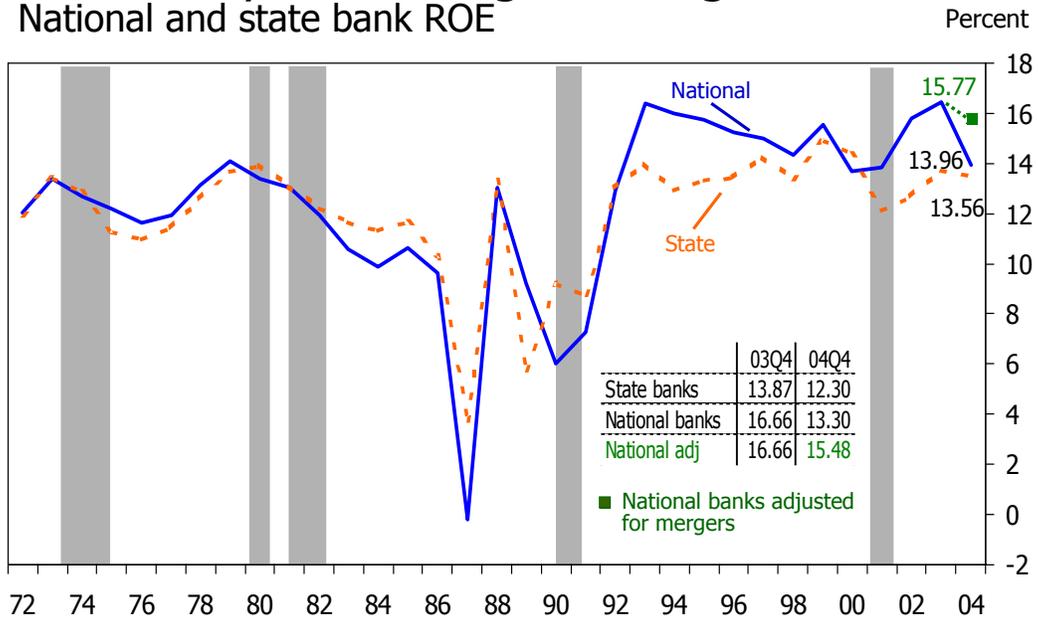
### Bank Condition Summary

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- Earnings soften
- Support from provisioning and extraordinary loans growth will fade
- Environment of rising interest rates and sluggish corporate loan growth will pose a challenge to bank earnings

## ROE comes off highs; headline number affected by accounting for mergers

### National and state bank ROE



Source: Integrated Banking Information System (OCC)

Data as of year-end. Shaded areas represent periods of recession. 2004 return on equity (ROE) reflects adjustments to income and equity affected by pushdown accounting treatment<sub>3</sub> of recent mergers.

## Volume continues to drive interest income and expenses; provisioning provides a smaller benefit

### National banks

	Major income components (Change, \$ millions)			
	2002-2003	% Change	2003-2004	% Change
<b>Revenues</b>				
Net interest income	1,928	1.2%	11,155	7.1%
Real gains/losses sec	-404	-8.3%	-1,046	-23.3%
Noninterest income	7,887	6.5%	5,809	4.5%
<b>Expenses</b>				
Provisioning	-10,792	-30.5%	-5,096	-20.7%
Noninterest expense	6,250	4.0%	17,899	11.0%
Net income	10,218	17.4%	2,596	3.7%

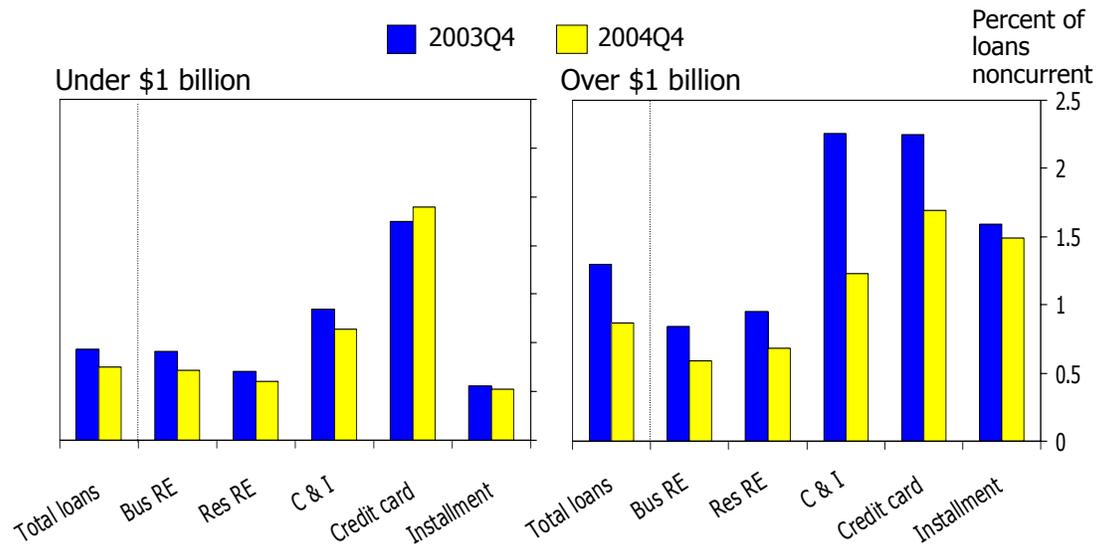
Source: Integrated Banking Information System (OCC)

Data are merger adjusted and held constant as of December 31, 2004; also adjusted for purchase accounting treatment.

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## Continued improvement in loan quality, especially in large bank C&I portfolio

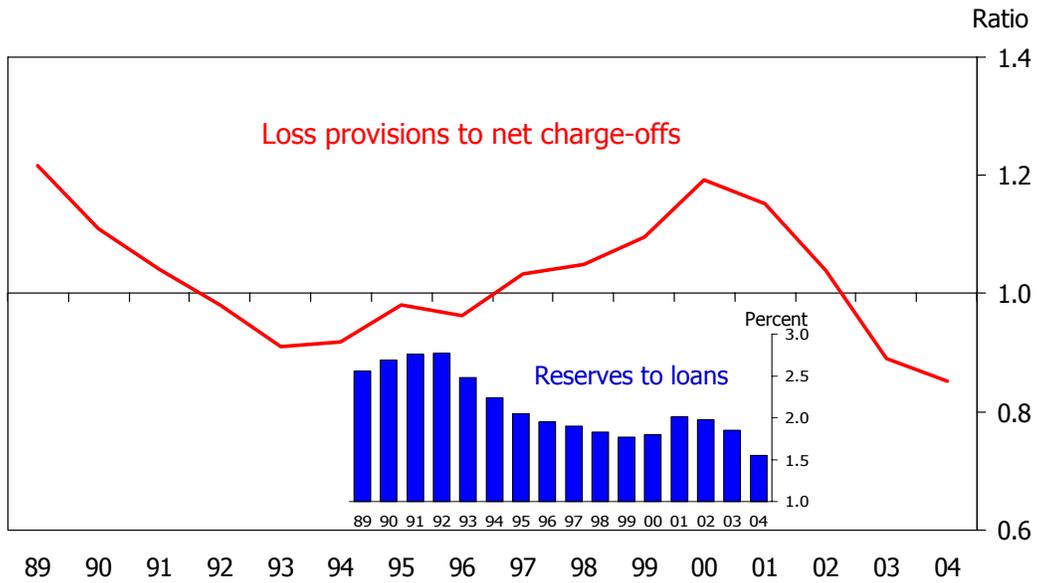
National non-specialty banks



Source: Integrated Banking Information System (OCC)

Noncurrent loans as a percent of loans in respective category; non-specialty category excludes credit card and trust banks. Business RE is CRE, construction and multi-family lending. Residential RE is 1- to 4-family and home equity. 5

## Provisioning now well below charge-offs National banks



Source: Integrated Banking Information System (OCC)

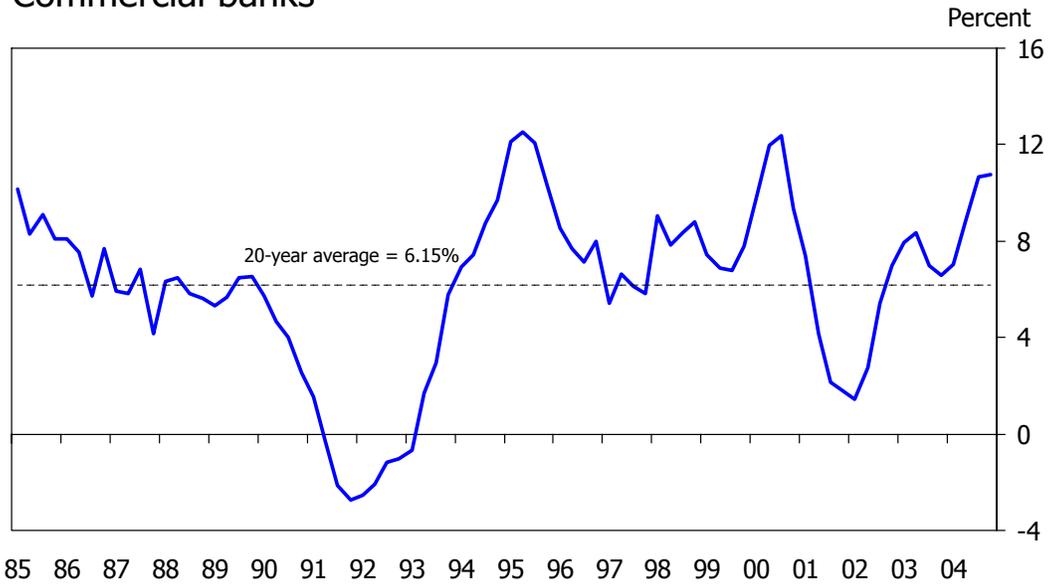
Data as of year-end.

## The macroeconomic environment was favorable

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- Short-term interest rates rose
    - However, long-term rates were little changed and housing stayed strong
  
  - Robust housing helped sustain robust consumer spending
  
  - Business investment rebounded strongly, but C&I lending remains subdued
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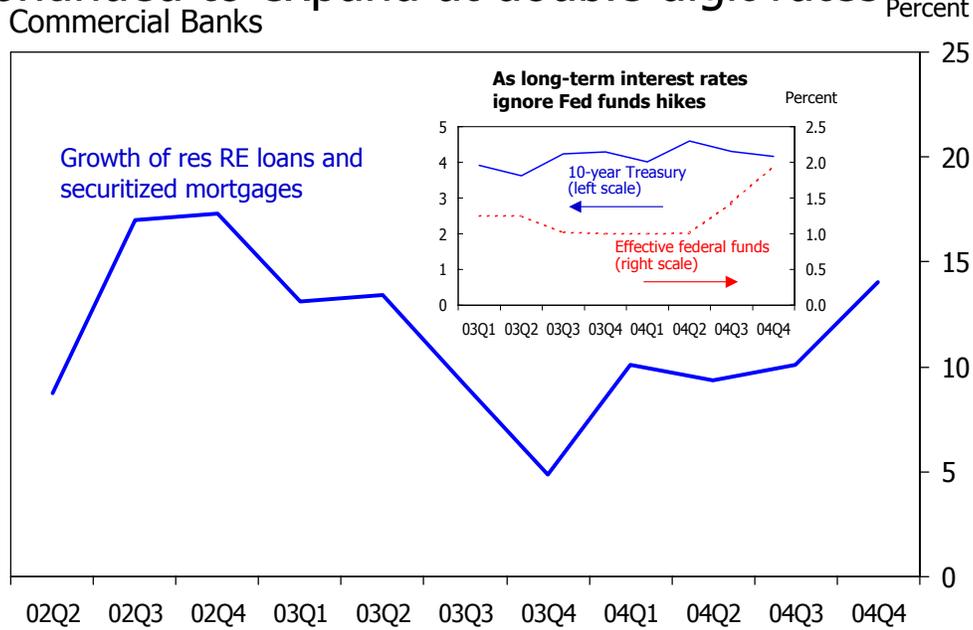
## Overall loan growth was strong Commercial banks



Source: Integrated Banking Information System (OCC)

Quarterly data through 2004Q4. Growth calculated from the same quarter a year ago.

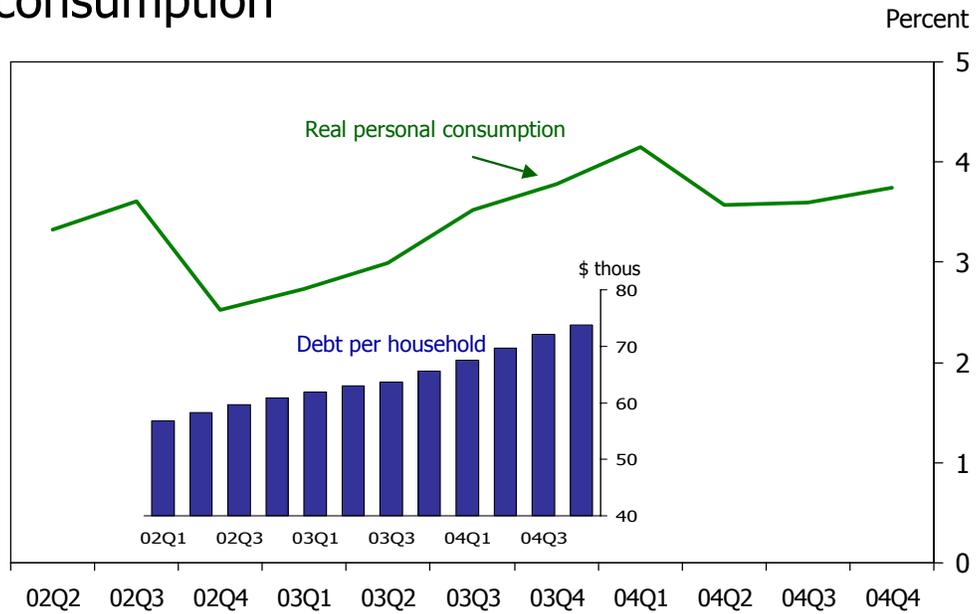
# Residential real estate-related activity continued to expand at double digit rates



Source: Integrated Banking Information System (OCC); Federal Reserve Board (Haver Analytics)

Quarterly data through 2004Q4. Residential RE is 1-4 family and home equity (on and off balance sheet). Growth calculated from the same quarter a year ago.

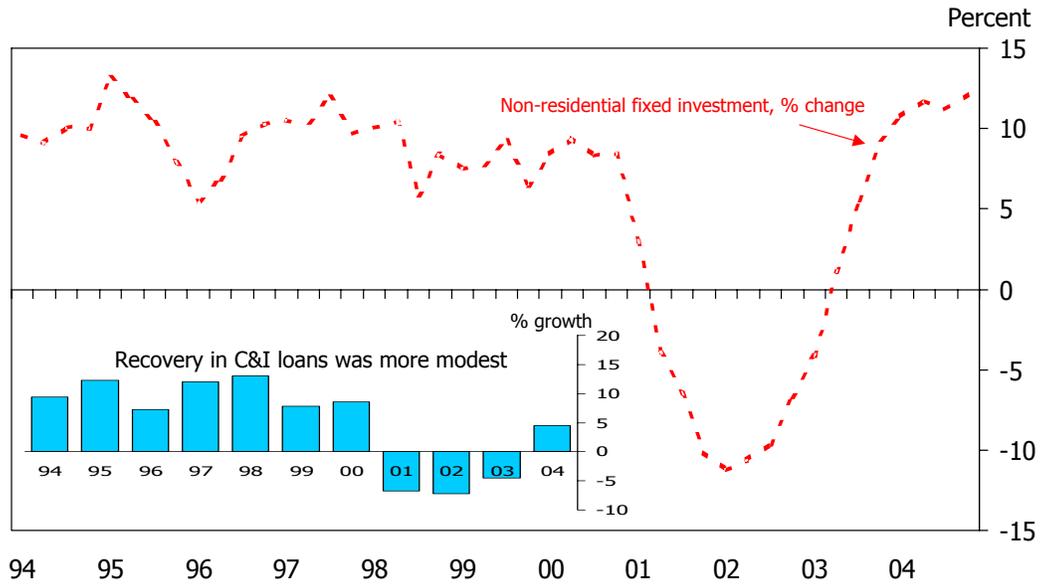
## Housing finance a major fuel factor for consumption



Source: Bureau of Economic Analysis (Haver Analytics); CreditForecasts.com

Quarterly data through 2004Q4. Growth calculated from the same quarter a year ago.

## Business investment gained steam



Source: Integrated Banking Information System (OCC);  
Bureau of Economic Analysis(Haver Analytics)

Data through 2004. Growth calculated from the same  
period a year ago.

## Benign outlook for economy in 2005 and 2006

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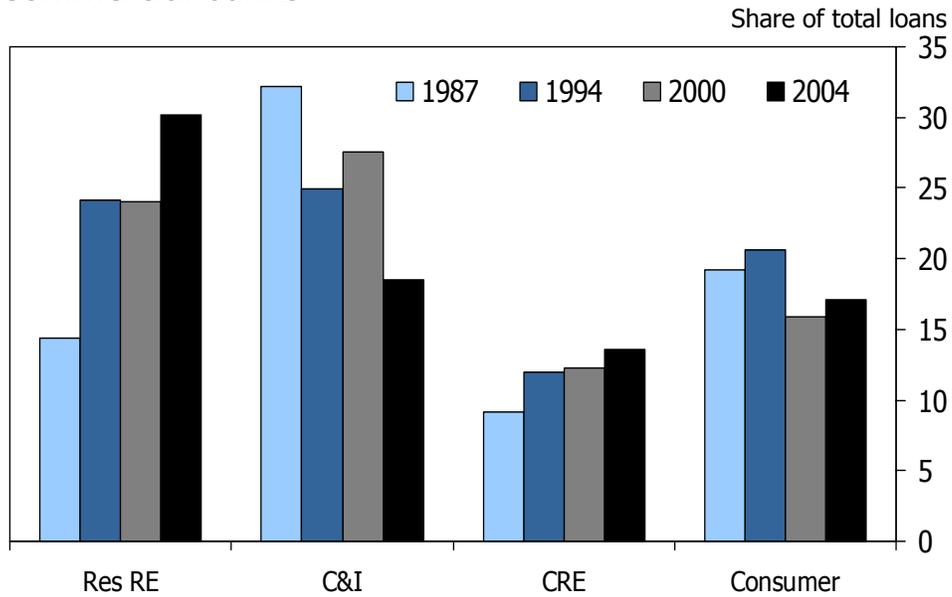
- Pace of personal consumption growth to slow
- Boost from housing waning
- Government spending likely to provide smaller stimulus
- Business investment to remain strong
- Exports expected to respond to fall in dollar

## Shifting environment requires adjustments by banks

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- Real estate lending likely to cool
- Availability of internal funds has dampened demand for business loans
- Margins remain compressed
- Core deposit growth generally declines in rising interest rate environment

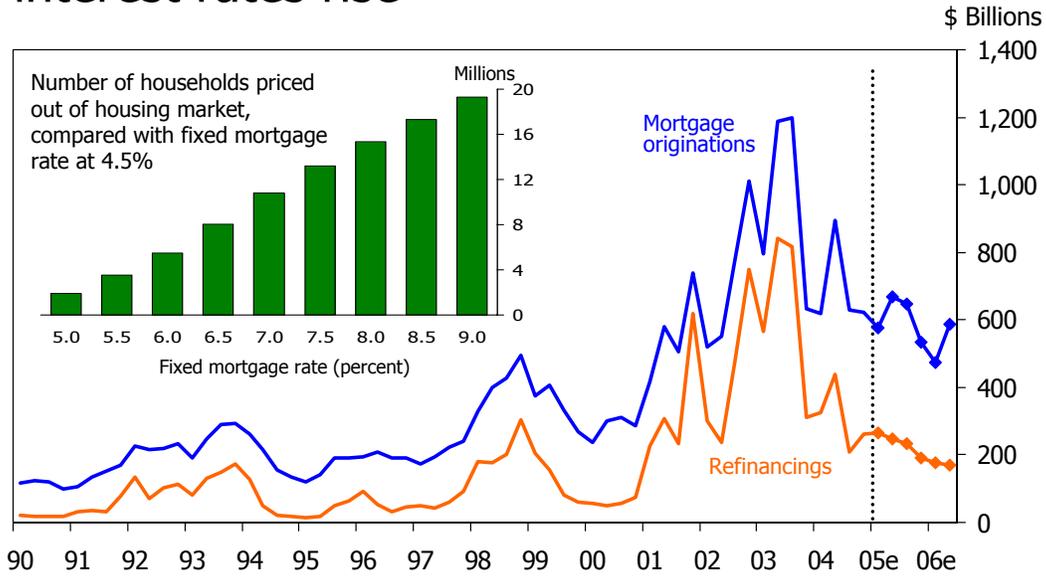
## Residential RE now largest loan type Commercial banks



Source: Integrated Banking Information System (OCC)

Residential real estate (RE) is 1- to 4-family and home equity.

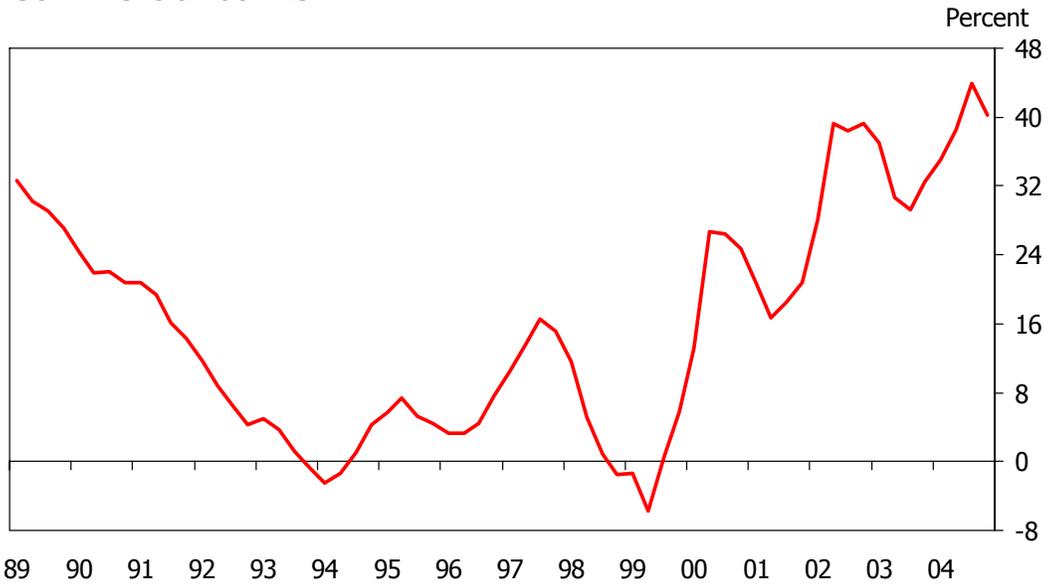
## Home mortgage activity likely to slow as interest rates rise



Source: Mortgage Bankers Association, HUD

Actual data through 2004Q4; estimates through 2006Q2.

## Home equity loan growth has been especially strong Commercial banks

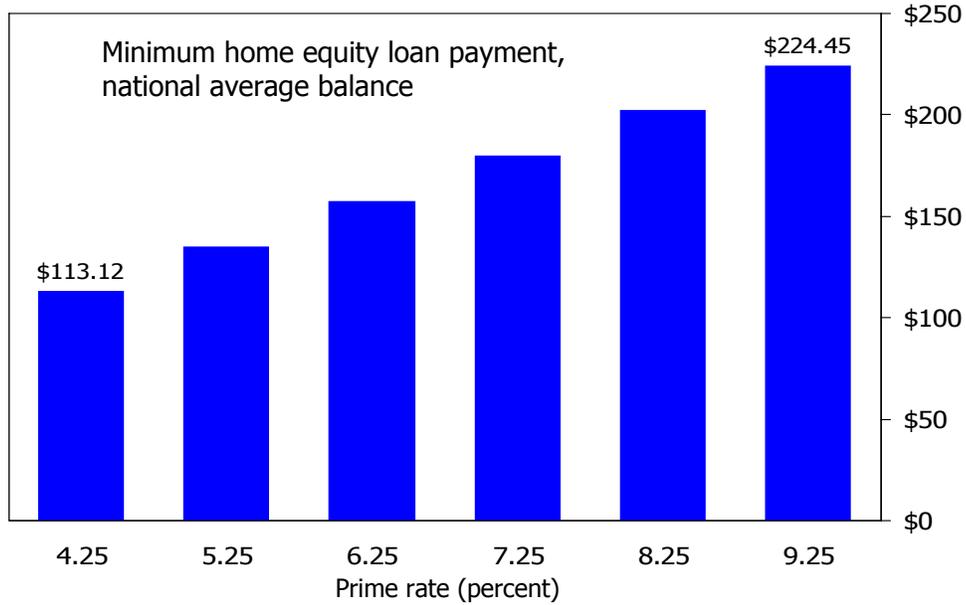


Source: Integrated Banking Information System (OCC)

Quarterly data through 2004Q4. Growth calculated from the same quarter a year ago.

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## Rising cost may dampen expansion of home equity debt and consumer spending

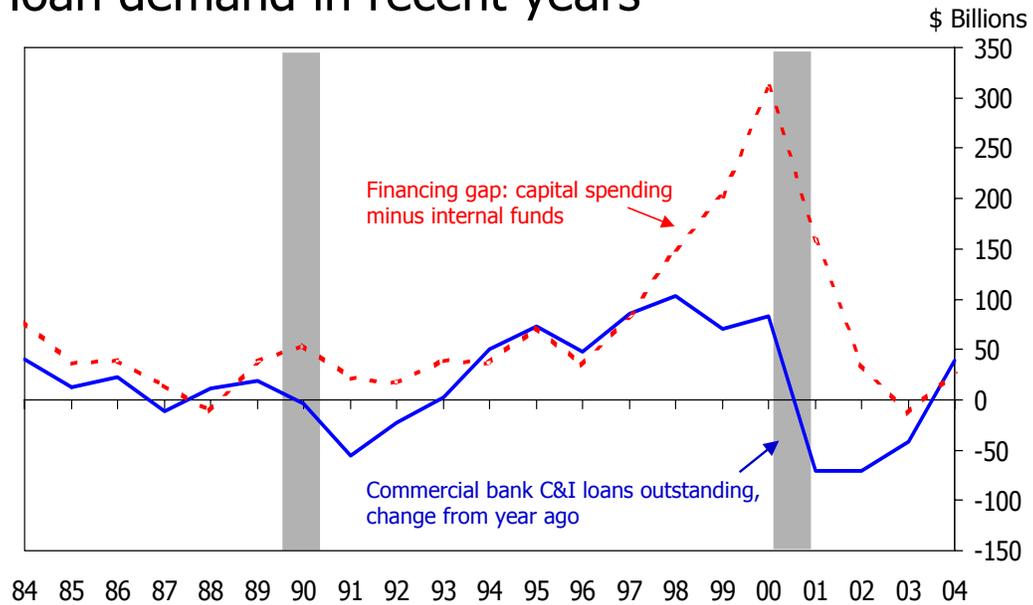


Source: Consumer Bankers Association/GBFA

Based on 27% federal income tax bracket, \$36,602 average home equity loan balance, 0.83% average spread to prime.

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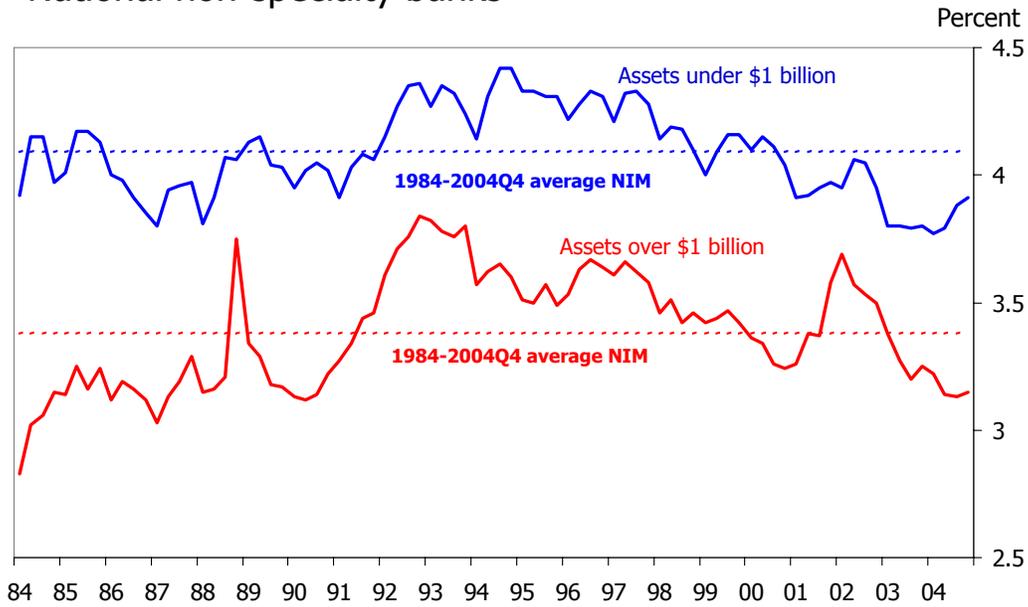
## Strong corporate cash flow has limited C&I loan demand in recent years



Source: Integrated Banking Information System (OCC), Federal Reserve Board/Haver Analytics

Data as of year-end. Financing gap includes inventory valuation adjustment. Shaded areas represent periods of recession.

## Net interest margins are weak National non-specialty banks



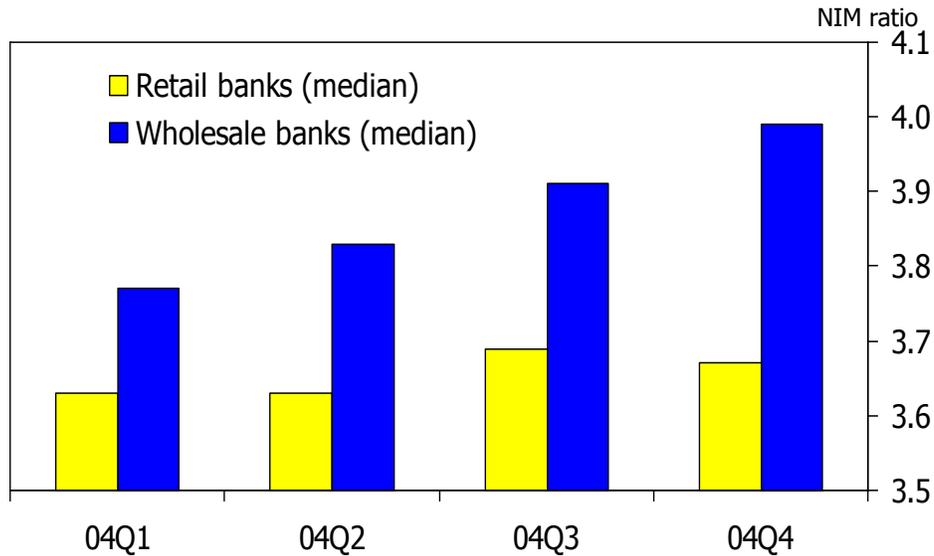
Source: Integrated Banking Information System (OCC)

Quarterly data through 2004Q4. Non-specialty category excludes credit card and trust banks. 2004 NIM reflects adjustment for pushdown accounting treatment of recent mergers.

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## Recent net interest margin improvement was largely in business lending segment

National non-specialty banks under \$1 billion

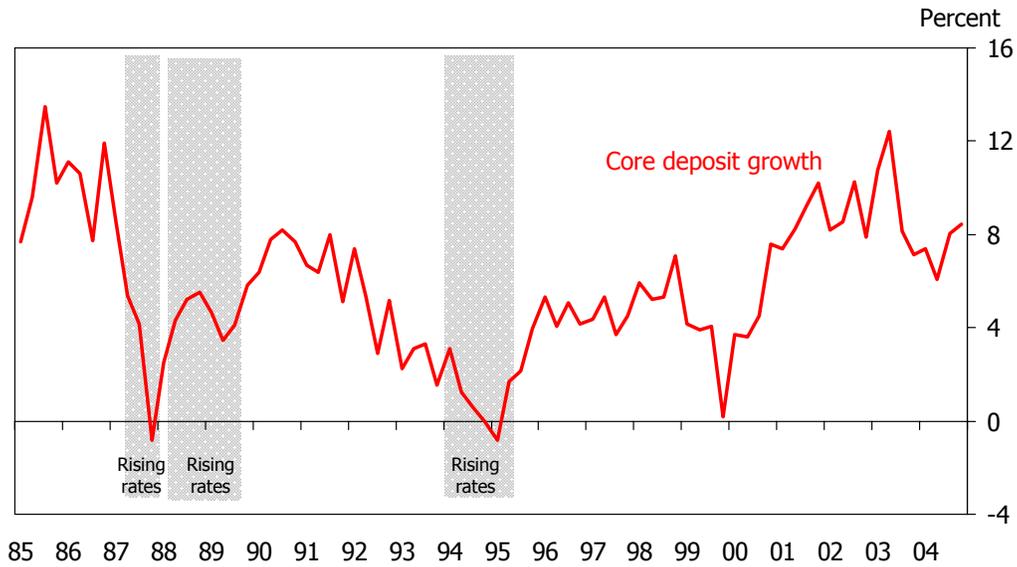


Source: Integrated Banking Information System (OCC)

Banks present in same peer group in all time periods. Retail banks are in the household and residential RE peer groups; wholesale banks are in the business RE and business peer groups.

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## Core deposit growth normally slows as interest rates rise Commercial banks



Source: Integrated Banking Information System (OCC)

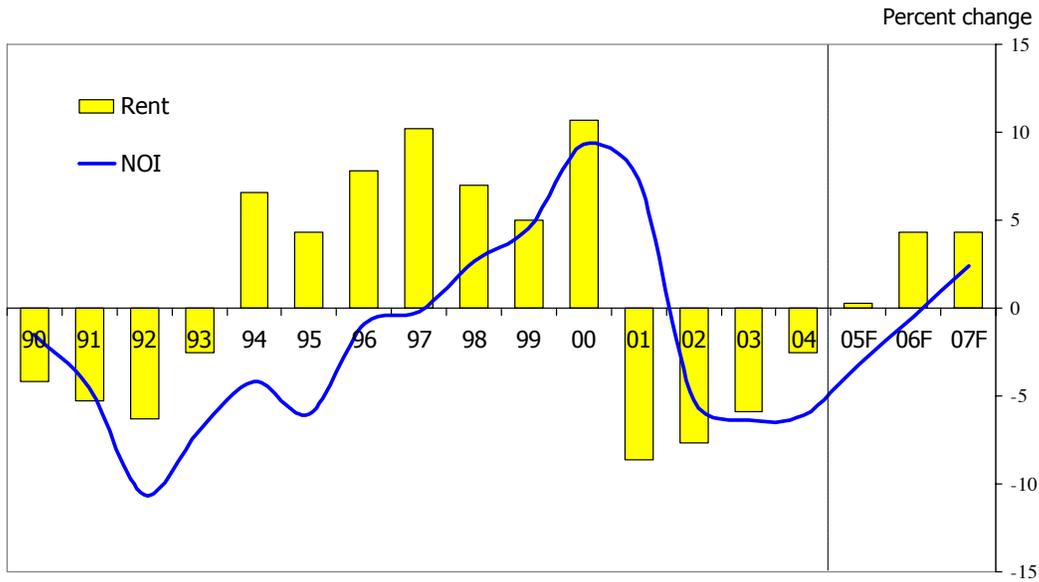
Quarterly data through 2004Q4. Growth calculated from the same quarter a year ago. Shaded areas represent 300 bp or more increase in the federal funds rate.

## Commercial real estate fundamentals improving slowly

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- Rents still weak and rising interest rates will increase servicing costs
- Weaker economic growth in Northeast/Central regions means less demand for office space

## Due to rollover of longer-term leases, NOI in offices market likely to improve very slowly



Source: Property & Portfolio Research (2005-2007 forecasts as of February 2005)

Net operating income (NOI) measures rental income of office properties minus operating expenses.



## Conclusion

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- Earnings soften
  - Support from provisioning and extraordinary loans growth will fade
  - Environment of rising interest rates and sluggish corporate loan growth will pose a challenge to bank earnings
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**Key indicators, FDIC-insured national banks**  
**Annual 2000--2003, year-to-date through December 31, 2004, fourth quarter 2003, and fourth quarter 2004**  
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q4	Preliminary 2004Q4
Number of institutions reporting	2,230	2,138	2,077	1,999	1,906	1,999	1,906
Total employees (FTEs)	948,549	966,545	993,469	1,000,493	1,142,926	1,000,493	1,142,926
<b>Selected income data (\$)</b>							
Net income	\$38,907	\$44,172	\$56,484	\$62,972	\$68,150	\$16,167	\$18,283
Net interest income	115,673	125,366	141,377	143,162	159,232	36,971	43,147
Provision for loan losses	20,536	28,921	32,613	24,011	18,671	5,998	4,786
Noninterest income	96,749	100,094	109,531	116,114	127,361	30,561	35,714
Noninterest expense	128,973	131,736	136,822	144,938	170,810	38,582	47,818
Net operating income	40,158	42,943	54,341	60,602	65,768	15,655	18,004
Cash dividends declared	32,327	27,783	41,757	45,049	33,042	13,308	9,803
Net charge-offs	17,227	25,107	31,381	26,973	21,930	7,137	6,220
<b>Selected condition data (\$)</b>							
Total assets	3,414,384	3,635,053	3,908,025	4,292,257	5,601,612	4,292,257	5,601,612
Total loans and leases	2,224,132	2,269,248	2,445,291	2,630,614	3,167,015	2,630,614	3,167,015
Reserve for losses	39,992	45,537	48,338	48,627	48,989	48,627	48,989
Securities	502,299	576,550	653,702	753,642	908,069	753,642	908,069
Other real estate owned	1,553	1,799	2,075	1,941	1,529	1,941	1,529
Noncurrent loans and leases	27,151	34,261	38,166	34,876	29,607	34,876	29,607
Total deposits	2,250,402	2,384,414	2,565,771	2,786,714	3,581,424	2,786,714	3,581,424
Domestic deposits	1,827,064	2,001,243	2,168,876	2,322,009	2,848,725	2,322,009	2,848,725
Equity capital	293,729	340,657	371,434	390,522	558,077	390,522	558,077
Off-balance-sheet derivatives	15,502,911	20,549,785	25,953,772	31,554,693	86,319,387	31,554,693	86,319,387
<b>Performance ratios (annualized %)</b>							
Return on equity	13.69	13.84	15.79	16.47	13.96	16.66	13.49
Return on assets	1.18	1.25	1.50	1.53	1.28	1.52	1.32
Net interest income to assets	3.50	3.56	3.76	3.47	3.00	3.48	3.12
Loss provision to assets	0.62	0.82	0.87	0.58	0.35	0.57	0.35
Net operating income to assets	1.21	1.22	1.44	1.47	1.24	1.47	1.30
Noninterest income to assets	2.92	2.84	2.91	2.82	2.40	2.88	2.58
Noninterest expense to assets	3.90	3.74	3.63	3.51	3.22	3.64	3.46
Loss provision to loans and leases	0.95	1.28	1.38	0.95	0.62	0.92	0.61
Net charge-offs to loans and leases	0.80	1.11	1.33	1.07	0.73	1.10	0.79
Loss provision to net charge-offs	119.21	115.19	103.93	89.02	85.14	84.04	76.95
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	6.91	7.48	6.93	5.60	5.09	8.90	8.08
Percent of institutions with earnings gains	66.64	56.83	71.21	55.98	63.48	51.88	62.38
Nonint. income to net operating revenue	45.55	44.40	43.65	44.78	44.44	45.25	45.29
Nonint. expense to net operating revenue	60.72	58.43	54.53	55.90	59.60	57.13	60.64
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.86	1.01	1.06	0.89	0.57	0.89	0.57
Noncurrent loans to loans	1.22	1.51	1.56	1.33	0.93	1.33	0.93
Loss reserve to noncurrent loans	147.30	132.91	126.65	139.43	165.47	139.43	165.47
Loss reserve to loans	1.80	2.01	1.98	1.85	1.55	1.85	1.55
Equity capital to assets	8.60	9.37	9.50	9.10	9.96	9.10	9.96
Leverage ratio	7.49	7.81	7.88	7.70	7.31	7.70	7.31
Risk-based capital ratio	11.84	12.60	12.66	12.65	12.26	12.65	12.26
Net loans and leases to assets	63.97	61.17	61.33	60.15	55.66	60.15	55.66
Securities to assets	14.71	15.86	16.73	17.56	16.21	17.56	16.21
Appreciation in securities (% of par)	-0.01	0.47	2.12	0.88	0.55	0.88	0.55
Residential mortgage assets to assets	19.60	22.55	24.72	24.44	23.46	24.44	23.46
Total deposits to assets	65.91	65.60	65.65	64.92	63.94	64.92	63.94
Core deposits to assets	45.61	48.08	48.75	48.03	43.83	48.03	43.83
Volatile liabilities to assets	35.18	31.23	30.31	30.57	33.90	30.57	33.90

**Loan performance, FDIC-insured national banks**  
**Annual 2000–2003, year-to-date through December 31, 2004, fourth quarter 2003, and fourth quarter 2004**  
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q4	Preliminary 2004Q4
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	1.25	1.38	1.14	1.02	0.87	1.02	0.87
Loans secured by real estate (RE)	1.42	1.42	1.07	0.91	0.75	0.91	0.75
1- to 4-family residential mortgages	1.95	1.84	1.45	1.30	1.05	1.30	1.05
Home equity loans	1.07	0.79	0.61	0.45	0.39	0.45	0.39
Multifamily residential mortgages	0.59	0.82	0.42	0.54	0.39	0.54	0.39
Commercial RE loans	0.72	0.85	0.58	0.47	0.44	0.47	0.44
Construction RE loans	1.12	1.28	0.91	0.66	0.61	0.66	0.61
Commercial and industrial loans	0.71	0.94	0.76	0.63	0.56	0.63	0.56
Loans to individuals	2.40	2.38	2.15	2.08	1.84	2.08	1.84
Credit cards	2.50	2.52	2.57	2.48	2.21	2.48	2.21
Installment loans and other plans	2.31	2.62	2.07	1.95	1.67	1.95	1.67
All other loans and leases	0.56	0.84	0.55	0.34	0.31	0.34	0.31
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.22	1.51	1.56	1.33	0.93	1.33	0.93
Loans secured by real estate (RE)	0.93	1.05	0.97	0.95	0.68	0.95	0.68
1- to 4-family residential mortgages	1.06	1.06	1.02	1.14	0.86	1.14	0.86
Home equity loans	0.41	0.38	0.32	0.24	0.18	0.24	0.18
Multifamily residential mortgages	0.55	0.54	0.48	0.45	0.42	0.45	0.42
Commercial RE loans	0.77	1.02	1.05	0.97	0.72	0.97	0.72
Construction RE loans	0.82	1.15	1.03	0.71	0.44	0.71	0.44
Commercial and industrial loans	1.66	2.44	3.00	2.19	1.22	2.19	1.22
Loans to individuals	1.46	1.49	1.60	1.78	1.66	1.78	1.66
Credit cards	1.90	2.05	2.16	2.24	2.03	2.24	2.03
Installment loans and other plans	1.06	1.24	1.30	1.55	1.46	1.55	1.46
All other loans and leases	0.86	1.19	1.11	0.74	0.39	0.74	0.39
<b>Percent of loans charged-off, net</b>							
Total loans and leases	0.80	1.11	1.33	1.07	0.73	1.10	0.79
Loans secured by real estate (RE)	0.12	0.26	0.19	0.21	0.08	0.34	0.09
1- to 4-family residential mortgages	0.14	0.32	0.17	0.24	0.08	0.52	0.10
Home equity loans	0.23	0.35	0.23	0.23	0.10	0.32	0.10
Multifamily residential mortgages	0.03	0.04	0.11	0.03	0.04	0.01	0.04
Commercial RE loans	0.07	0.16	0.17	0.13	0.05	0.07	0.07
Construction RE loans	0.05	0.15	0.19	0.14	0.04	0.14	0.06
Commercial and industrial loans	0.87	1.50	1.80	1.35	0.43	1.27	0.40
Loans to individuals	2.84	3.13	4.02	3.45	3.14	3.42	3.43
Credit cards	4.43	5.06	6.58	5.48	5.15	5.54	5.10
Installment loans and other plans	1.54	1.66	1.91	1.81	1.51	1.74	1.94
All other loans and leases	0.23	0.44	0.62	0.44	0.12	0.26	0.13
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$2,224,132	\$2,269,248	\$2,445,291	\$2,630,614	\$3,167,015	\$2,630,614	\$3,167,015
Loans secured by real estate (RE)	892,138	976,094	1,139,263	1,254,981	1,572,069	1,254,981	1,572,069
1- to 4-family residential mortgages	443,000	472,680	573,669	605,100	745,260	605,100	745,260
Home equity loans	82,672	102,131	141,058	192,703	294,920	192,703	294,920
Multifamily residential mortgages	28,026	30,075	33,968	35,652	39,934	35,652	39,934
Commercial RE loans	221,267	236,489	253,427	269,936	301,722	269,936	301,722
Construction RE loans	76,899	91,437	95,361	104,218	128,556	104,218	128,556
Farmland loans	12,350	12,615	13,225	13,614	14,679	13,614	14,679
RE loans from foreign offices	27,923	30,668	28,556	33,758	46,998	33,758	46,998
Commercial and industrial loans	646,988	597,301	546,050	500,005	580,257	500,005	580,257
Loans to individuals	370,394	389,947	450,604	527,991	615,767	527,991	615,767
Credit cards*	176,425	166,628	209,971	250,893	300,351	250,893	300,351
Other revolving credit plans		29,258	33,243	32,883	34,265	32,883	34,265
Installment loans	193,969	194,060	207,390	244,215	281,151	244,215	281,151
All other loans and leases	316,177	307,851	311,822	349,521	401,146	349,521	401,146
Less: Unearned income	1,565	1,944	2,449	1,884	2,224	1,884	2,224

\*Prior to March 2001, credit cards included "Other revolving credit plans."

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured national banks by asset size**  
**Fourth quarter 2003 and fourth quarter 2004**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q4	2004Q4	2003Q4	2004Q4	2003Q4	2004Q4	2003Q4	2004Q4
Number of institutions reporting	851	765	980	971	122	125	46	45
Total employees (FTEs)	20,196	17,128	94,628	90,161	91,528	87,800	794,141	947,837
<b>Selected income data (\$)</b>								
Net income	\$139	\$110	\$1,042	\$839	\$1,295	\$1,301	\$13,692	\$16,033
Net interest income	447	414	2,517	2,578	3,205	3,283	30,802	36,872
Provision for loan losses	33	24	207	192	458	392	5,301	4,178
Noninterest income	282	161	1,654	1,256	2,514	2,499	26,112	31,799
Noninterest expense	497	404	2,909	2,502	3,344	3,401	31,832	41,511
Net operating income	137	111	768	843	1,287	1,308	13,463	15,742
Cash dividends declared	123	108	825	571	995	757	11,365	8,366
Net charge-offs	29	21	213	170	419	328	6,476	5,702
<b>Selected condition data (\$)</b>								
Total assets	46,681	42,769	273,205	271,667	376,544	363,402	3,595,827	4,923,774
Total loans and leases	27,303	25,381	169,489	174,494	225,138	231,158	2,208,684	2,735,983
Reserve for losses	395	360	2,465	2,354	3,489	3,458	42,278	42,817
Securities	12,107	11,187	70,069	65,964	90,302	75,525	581,165	755,393
Other real estate owned	75	62	286	242	174	159	1,406	1,067
Noncurrent loans and leases	324	262	1,561	1,270	1,915	1,479	31,075	26,595
Total deposits	39,002	35,692	219,580	219,054	247,007	242,994	2,281,125	3,083,684
Domestic deposits	38,982	35,670	219,446	218,788	243,997	238,421	1,819,583	2,355,845
Equity capital	5,444	4,971	27,966	27,732	40,436	40,120	316,675	485,255
Off-balance-sheet derivatives	10	22	2,211	2,727	17,165	13,118	31,757,361	86,704,062
<b>Performance ratios (annualized %)</b>								
Return on equity	10.27	8.90	15.15	12.20	13.01	12.83	17.36	13.67
Return on assets	1.20	1.04	1.54	1.25	1.40	1.45	1.54	1.32
Net interest income to assets	3.84	3.92	3.73	3.84	3.47	3.66	3.46	3.03
Loss provision to assets	0.28	0.23	0.31	0.29	0.50	0.44	0.60	0.34
Net operating income to assets	1.18	1.05	1.14	1.26	1.39	1.46	1.51	1.29
Noninterest income to assets	2.43	1.52	2.45	1.87	2.72	2.79	2.93	2.61
Noninterest expense to assets	4.27	3.82	4.31	3.73	3.62	3.79	3.58	3.41
Loss provision to loans and leases	0.48	0.38	0.49	0.45	0.82	0.69	0.97	0.61
Net charge-offs to loans and leases	0.42	0.33	0.51	0.39	0.75	0.58	1.19	0.84
Loss provision to net charge-offs	113.60	115.74	97.04	113.24	109.24	119.44	81.85	73.28
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable	14.69	13.99	4.69	4.43	4.92	3.20	2.17	0.00
Percent of institutions with earnings gains	48.88	54.38	54.59	67.25	47.54	72.00	60.87	66.67
Nonint. income to net operating revenue	38.71	28.00	39.66	32.76	43.95	43.21	45.88	46.31
Nonint. expense to net operating revenue	68.17	70.19	69.75	65.27	58.47	58.82	55.93	60.45
<b>Condition ratios (%)</b>								
Nonperforming assets to assets	0.87	0.76	0.68	0.56	0.56	0.46	0.94	0.57
Noncurrent loans to loans	1.19	1.03	0.92	0.73	0.85	0.64	1.41	0.97
Loss reserve to noncurrent loans	121.90	137.32	157.90	185.34	182.14	233.79	136.05	160.99
Loss reserve to loans	1.45	1.42	1.45	1.35	1.55	1.50	1.91	1.56
Equity capital to assets	11.66	11.62	10.24	10.21	10.74	11.04	8.81	9.86
Leverage ratio	11.20	11.41	9.43	9.46	9.38	8.81	7.33	7.04
Risk-based capital ratio	18.72	18.71	14.92	14.62	15.71	13.81	12.16	11.99
Net loans and leases to assets	57.64	58.50	61.14	63.36	58.86	62.66	60.25	54.70
Securities to assets	25.94	26.16	25.65	24.28	23.98	20.78	16.16	15.34
Appreciation in securities (% of par)	1.03	-0.01	1.14	0.27	1.51	0.20	0.75	0.62
Residential mortgage assets to assets	20.74	20.76	23.25	22.76	26.98	26.58	24.32	23.29
Total deposits to assets	83.55	83.45	80.37	80.63	65.60	66.87	63.44	62.63
Core deposits to assets	71.26	70.95	67.81	67.50	56.71	56.11	45.32	41.38
Volatile liabilities to assets	14.41	14.80	17.39	17.93	22.08	25.74	32.67	35.55

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Loan performance, FDIC-insured national banks by asset size**  
**Fourth quarter 2003 and fourth quarter 2004**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q4	2004Q4	2003Q4	2004Q4	2003Q4	2004Q4	2003Q4	2004Q4
<b>Percent of loans past due 30-89 days</b>								
Total loans and leases	1.39	1.24	0.96	0.89	0.89	0.77	1.03	0.87
Loans secured by real estate (RE)	1.26	1.15	0.83	0.77	0.68	0.66	0.95	0.75
1- to 4-family residential mortgages	1.80	1.71	1.36	1.22	1.05	1.02	1.32	1.03
Home equity loans	1.02	0.41	0.39	0.31	0.35	0.24	0.45	0.40
Multifamily residential mortgages	0.46	0.65	0.49	0.52	0.33	0.36	0.58	0.38
Commercial RE loans	1.02	0.81	0.55	0.57	0.39	0.38	0.45	0.41
Construction RE loans	0.86	0.90	0.72	0.64	0.63	0.73	0.65	0.57
Commercial and industrial loans	1.46	1.30	0.91	1.01	0.93	0.77	0.58	0.51
Loans to individuals	2.59	2.44	2.11	1.87	1.82	1.39	2.09	1.86
Credit cards	1.96	1.98	3.67	3.88	2.53	2.13	2.46	2.21
Installment loans and other plans	2.66	2.50	1.83	1.61	1.55	0.98	1.99	1.71
All other loans and leases	0.74	0.53	0.55	0.56	0.28	0.50	0.33	0.29
<b>Percent of loans noncurrent</b>								
Total loans and leases	1.19	1.03	0.92	0.73	0.85	0.64	1.41	0.97
Loans secured by real estate (RE)	1.05	0.93	0.83	0.65	0.65	0.50	1.00	0.71
1- to 4-family residential mortgages	0.98	0.93	0.76	0.64	0.65	0.49	1.22	0.90
Home equity loans	0.38	0.38	0.17	0.14	0.26	0.17	0.24	0.18
Multifamily residential mortgages	0.79	0.78	0.46	0.41	0.44	0.37	0.45	0.43
Commercial RE loans	1.15	1.10	0.93	0.74	0.75	0.65	1.03	0.72
Construction RE loans	0.88	0.66	0.88	0.64	0.56	0.33	0.70	0.43
Commercial and industrial loans	1.96	1.67	1.25	1.06	1.18	0.88	2.35	1.26
Loans to individuals	0.93	0.85	0.94	0.78	1.24	0.97	1.86	1.72
Credit cards	1.86	1.11	3.12	2.96	2.39	2.00	2.22	2.02
Installment loans and other plans	0.91	0.86	0.49	0.46	0.63	0.34	1.73	1.60
All other loans and leases	1.11	0.90	0.98	0.63	0.69	0.56	0.73	0.37
<b>Percent of loans charged-off, net</b>								
Total loans and leases	0.42	0.33	0.51	0.39	0.75	0.58	1.19	0.84
Loans secured by real estate (RE)	0.14	0.12	0.14	0.09	0.14	0.07	0.40	0.10
1- to 4-family residential mortgages	0.10	0.07	0.13	0.11	0.11	0.08	0.59	0.10
Home equity loans	0.05	0.14	0.04	0.13	0.10	0.06	0.34	0.10
Multifamily residential mortgages	0.03	0.02	0.13	0.04	0.02	0.07	-0.01	0.04
Commercial RE loans	0.30	0.20	0.11	0.09	0.18	0.08	0.03	0.06
Construction RE loans	0.03	0.19	0.22	0.07	0.18	0.03	0.12	0.06
Commercial and industrial loans	1.00	0.74	0.83	0.90	1.09	0.84	1.31	0.33
Loans to individuals	1.10	1.06	2.31	1.88	2.58	2.74	3.55	3.52
Credit cards	2.77	2.06	8.61	9.16	5.54	5.23	5.49	5.07
Installment loans and other plans	1.01	1.04	1.02	0.81	1.02	1.03	1.87	2.05
All other loans and leases	0.40	0.22	0.70	0.36	0.63	0.44	0.23	0.12
<b>Loans outstanding (\$)</b>								
Total loans and leases	\$27,303	\$25,381	\$169,489	\$174,494	\$225,138	\$231,158	\$2,208,684	\$2,735,983
Loans secured by real estate (RE)	16,692	15,844	114,999	121,716	130,473	144,694	992,817	1,289,814
1- to 4-family residential mortgages	6,747	6,271	38,218	38,649	51,633	52,383	508,502	647,958
Home equity loans	491	569	6,621	7,524	9,772	11,900	175,819	274,927
Multifamily residential mortgages	427	392	4,456	4,260	4,755	6,240	26,015	29,042
Commercial RE loans	5,261	4,919	46,476	48,734	44,983	49,989	173,216	198,080
Construction RE loans	1,786	1,769	13,781	16,646	16,974	21,757	71,677	88,384
Farmland loans	1,981	1,925	5,444	5,901	1,846	1,827	4,343	5,026
RE loans from foreign offices	0	0	3	2	511	599	33,245	46,397
Commercial and industrial loans	4,377	4,017	27,615	27,996	41,975	46,050	426,037	502,194
Loans to individuals	3,205	2,647	17,106	14,845	37,380	29,582	470,301	568,693
Credit cards*	140	63	3,000	1,971	13,728	11,490	234,025	286,827
Other revolving credit plans	47	47	352	340	1,978	1,216	30,506	32,662
Installment loans	3,018	2,537	13,754	12,534	21,673	16,876	205,770	249,204
All other loans and leases	3,057	2,893	9,956	10,116	15,409	10,956	321,100	377,181
Less: Unearned income	29	20	186	179	99	125	1,571	1,899

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured national banks by region**  
**Fourth quarter 2004**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	212	227	372	391	555	149	1,906
Total employees (FTEs)	348,374	226,939	281,857	158,541	90,186	37,029	1,142,926
<b>Selected income data (\$)</b>							
Net income	\$5,829	\$4,535	\$3,258	\$2,531	\$797	\$1,334	\$18,283
Net interest income	12,961	9,121	9,739	5,402	2,451	3,473	43,147
Provision for loan losses	2,540	(45)	560	461	131	1,139	4,786
Noninterest income	13,154	5,442	8,558	5,326	1,193	2,040	35,714
Noninterest expense	15,337	8,308	13,126	6,380	2,382	2,284	47,818
Net operating income	5,737	4,434	3,158	2,530	799	1,345	18,004
Cash dividends declared	2,605	1,675	2,761	1,125	529	1,106	9,803
Net charge-offs	2,692	207	1,496	830	145	851	6,220
<b>Selected condition data (\$)</b>							
Total assets	1,543,042	1,312,923	1,688,639	539,172	279,351	238,486	5,601,612
Total loans and leases	864,381	690,851	857,198	401,515	174,897	178,174	3,167,015
Reserve for losses	17,274	7,113	12,112	5,909	2,124	4,456	48,989
Securities	251,054	303,171	205,815	57,195	58,922	31,912	908,069
Other real estate owned	165	262	569	209	272	52	1,529
Noncurrent loans and leases	11,140	3,275	7,464	4,553	1,264	1,912	29,607
Total deposits	994,636	899,339	986,800	366,658	207,009	126,982	3,581,424
Domestic deposits	596,928	787,527	788,090	349,671	204,748	121,761	2,848,725
Equity capital	182,909	100,466	154,565	58,496	34,121	27,520	558,077
Off-balance-sheet derivatives	19,739,104	20,337,681	45,505,559	643,778	51,452	41,813	86,319,387
<b>Performance ratios (annualized %)</b>							
Return on equity	13.63	18.25	8.46	17.52	10.04	18.92	13.49
Return on assets	1.57	1.41	0.77	1.89	1.16	2.17	1.32
Net interest income to assets	3.49	2.83	2.29	4.03	3.57	5.65	3.12
Loss provision to assets	0.68	-0.01	0.13	0.34	0.19	1.85	0.35
Net operating income to assets	1.54	1.37	0.74	1.89	1.16	2.19	1.30
Noninterest income to assets	3.54	1.69	2.01	3.97	1.74	3.32	2.58
Noninterest expense to assets	4.13	2.58	3.09	4.76	3.47	3.72	3.46
Loss provision to loans and leases	1.22	-0.03	0.26	0.46	0.30	2.48	0.61
Net charge-offs to loans and leases	1.29	0.12	0.69	0.83	0.34	1.85	0.79
Loss provision to net charge-offs	94.36	-21.75	37.44	55.59	89.98	133.91	76.95
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	6.60	10.13	6.18	4.86	10.99	9.40	8.08
Percent of institutions with earnings gains	65.09	68.72	60.48	60.87	58.38	72.48	62.38
Nonint. income to net operating revenue	50.37	37.37	46.77	49.64	32.74	37.00	45.29
Nonint. expense to net operating revenue	58.73	57.04	71.74	59.47	65.37	41.44	60.64
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.74	0.28	0.49	0.89	0.55	0.83	0.57
Noncurrent loans to loans	1.29	0.47	0.87	1.13	0.72	1.07	0.93
Loss reserve to noncurrent loans	155.06	217.22	162.29	129.79	168.11	233.06	165.47
Loss reserve to loans	2.00	1.03	1.41	1.47	1.21	2.50	1.55
Equity capital to assets	11.85	7.65	9.15	10.85	12.21	11.54	9.96
Leverage ratio	8.07	6.44	6.56	8.28	8.20	9.28	7.31
Risk-based capital ratio	13.60	10.90	11.80	12.05	12.70	14.24	12.26
Net loans and leases to assets	54.90	52.08	50.05	73.37	61.85	72.84	55.66
Securities to assets	16.27	23.09	12.19	10.61	21.09	13.38	16.21
Appreciation in securities (% of par)	0.56	0.79	-0.05	2.19	0.05	0.17	0.55
Residential mortgage assets to assets	15.22	37.16	19.72	25.77	25.69	20.02	23.46
Total deposits to assets	64.46	68.50	58.44	68.00	74.10	53.24	63.94
Core deposits to assets	31.89	53.58	40.81	55.03	59.34	45.36	43.83
Volatile liabilities to assets	42.46	29.28	34.61	22.72	23.94	35.85	33.90

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Loan performance, FDIC-insured national banks by region**  
**Fourth quarter 2004**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	1.05	0.56	0.84	0.94	0.79	1.27	0.87
Loans secured by real estate (RE)	0.68	0.61	0.93	0.80	0.76	0.58	0.75
1- to 4-family residential mortgages	0.85	0.90	1.34	1.18	1.02	0.84	1.05
Home equity loans	0.39	0.35	0.40	0.42	0.43	0.11	0.39
Multifamily residential mortgages	0.34	0.04	0.56	0.13	1.14	0.30	0.39
Commercial RE loans	0.38	0.21	0.68	0.41	0.59	0.31	0.44
Construction RE loans	0.36	0.15	0.84	1.14	0.64	0.85	0.61
Commercial and industrial loans	0.53	0.25	0.70	0.58	0.63	1.08	0.56
Loans to individuals	2.12	1.47	1.23	1.88	1.51	2.18	1.84
Credit cards	2.39	1.34	1.28	2.22	1.86	2.29	2.21
Installment loans and other plans	2.16	1.57	1.28	1.42	1.56	1.82	1.67
All other loans and leases	0.31	0.14	0.39	0.27	0.68	0.46	0.31
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.29	0.47	0.87	1.13	0.72	1.07	0.93
Loans secured by real estate (RE)	0.57	0.35	0.90	1.18	0.67	0.35	0.68
1- to 4-family residential mortgages	0.41	0.41	1.19	2.08	0.78	0.24	0.86
Home equity loans	0.13	0.13	0.26	0.19	0.19	0.04	0.18
Multifamily residential mortgages	0.18	0.13	0.63	0.67	0.51	0.32	0.42
Commercial RE loans	0.76	0.42	1.06	0.69	0.71	0.49	0.72
Construction RE loans	0.37	0.18	0.64	0.61	0.46	0.41	0.44
Commercial and industrial loans	1.42	0.86	1.54	0.72	0.95	0.92	1.22
Loans to individuals	2.39	0.75	0.54	1.50	0.55	1.99	1.66
Credit cards	2.20	0.99	1.05	2.11	1.40	2.08	2.03
Installment loans and other plans	3.26	0.80	0.38	0.51	0.53	1.71	1.46
All other loans and leases	0.43	0.39	0.27	0.56	0.76	0.51	0.39
<b>Percent of loans charged-off, net</b>							
Total loans and leases	1.29	0.12	0.69	0.83	0.34	1.85	0.79
Loans secured by real estate (RE)	0.07	0.03	0.21	0.06	0.10	0.02	0.09
1- to 4-family residential mortgages	0.04	0.03	0.27	0.05	0.08	0.03	0.10
Home equity loans	0.05	0.03	0.17	0.11	0.21	0.00	0.10
Multifamily residential mortgages	0.05	-0.01	0.07	0.06	0.00	0.01	0.04
Commercial RE loans	0.01	0.04	0.16	0.03	0.10	0.00	0.07
Construction RE loans	0.04	0.02	0.12	0.03	0.06	0.02	0.06
Commercial and industrial loans	0.40	0.20	0.42	0.71	0.52	0.38	0.40
Loans to individuals	3.86	0.74	3.20	3.40	1.47	5.01	3.43
Credit cards	5.13	3.75	4.30	4.89	3.71	5.73	5.10
Installment loans and other plans	2.28	0.71	2.80	0.89	1.35	0.73	1.94
All other loans and leases	0.09	0.08	0.20	0.05	0.62	0.00	0.13
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$864,381	\$690,851	\$857,198	\$401,515	\$174,897	\$178,174	\$3,167,015
Loans secured by real estate (RE)	299,599	428,715	421,151	233,552	114,888	74,165	1,572,069
1- to 4-family residential mortgages	137,914	238,583	195,369	105,540	37,071	30,783	745,260
Home equity loans	56,984	66,509	87,923	64,996	13,501	5,007	294,920
Multifamily residential mortgages	7,182	7,613	14,117	4,629	2,933	3,459	39,934
Commercial RE loans	45,698	76,237	80,480	39,659	34,555	25,094	301,722
Construction RE loans	11,170	34,941	37,918	14,290	20,960	9,277	128,556
Farmland loans	917	1,876	3,846	4,437	3,060	544	14,679
RE loans from foreign offices	39,733	2,956	1,498	0	2,810	1	46,998
Commercial and industrial loans	174,749	118,357	169,059	54,163	36,739	27,190	580,257
Loans to individuals	269,131	56,774	125,060	81,285	15,042	68,475	615,767
Credit cards	155,853	558	33,363	50,795	796	58,985	300,351
Other revolving credit plans	20,700	3,486	5,217	2,570	596	1,697	34,265
Installment loans	92,578	52,731	86,480	27,920	13,650	7,793	281,151
All other loans and leases	122,539	87,292	141,992	32,540	8,350	8,432	401,146
Less: Unearned income	1,637	288	64	24	122	88	2,224

**Key indicators, FDIC-insured commercial banks**  
**Annual 2000--2003, year-to-date through December 31, 2004, fourth quarter 2003, and fourth quarter 2004**  
(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q4	Preliminary 2004Q4
Number of institutions reporting	8,315	8,080	7,888	7,770	7,630	7,770	7,630
Total employees (FTEs)	1,670,758	1,701,721	1,745,614	1,759,517	1,814,470	1,759,517	1,814,470
<b>Selected income data (\$)</b>							
Net income	\$70,795	\$73,830	\$89,722	\$102,440	\$104,724	\$26,456	\$27,030
Net interest income	203,584	214,676	236,656	239,981	249,689	61,978	66,944
Provision for loan losses	30,026	43,337	48,195	34,837	26,203	8,458	6,888
Noninterest income	154,247	158,206	172,408	186,507	184,083	48,880	50,259
Noninterest expense	216,831	223,254	233,587	245,991	257,634	64,569	71,056
Net operating income	72,383	71,002	85,425	98,193	102,020	25,803	26,796
Cash dividends declared	53,854	54,228	67,536	77,838	55,696	23,094	15,808
Net charge-offs	24,771	36,474	44,538	37,933	29,155	9,996	8,295
<b>Selected condition data (\$)</b>							
Total assets	6,245,560	6,552,421	7,076,584	7,601,142	8,412,844	7,601,142	8,412,844
Total loans and leases	3,815,498	3,884,336	4,156,181	4,428,843	4,904,782	4,428,843	4,904,782
Reserve for losses	64,120	72,273	76,999	77,152	73,513	77,152	73,513
Securities	1,078,985	1,172,540	1,334,826	1,456,311	1,551,261	1,456,311	1,551,261
Other real estate owned	2,912	3,569	4,165	4,218	3,369	4,218	3,369
Noncurrent loans and leases	42,930	54,578	60,550	52,949	42,093	52,949	42,093
Total deposits	4,179,567	4,377,558	4,689,852	5,029,020	5,592,825	5,029,020	5,592,825
Domestic deposits	3,472,901	3,748,042	4,031,815	4,287,849	4,726,933	4,287,849	4,726,933
Equity capital	530,356	593,696	647,448	691,930	850,068	691,930	850,068
Off-balance-sheet derivatives	40,570,263	45,325,982	56,208,607	71,092,735	87,880,946	71,092,735	87,880,946
<b>Performance ratios (annualized %)</b>							
Return on equity	13.99	13.09	14.47	15.31	13.82	15.45	13.08
Return on assets	1.18	1.15	1.33	1.40	1.31	1.41	1.30
Net interest income to assets	3.40	3.35	3.50	3.27	3.12	3.29	3.22
Loss provision to assets	0.50	0.68	0.71	0.48	0.33	0.45	0.33
Net operating income to assets	1.21	1.11	1.26	1.34	1.28	1.37	1.29
Noninterest income to assets	2.58	2.47	2.55	2.54	2.30	2.60	2.42
Noninterest expense to assets	3.62	3.48	3.46	3.35	3.22	3.43	3.42
Loss provision to loans and leases	0.82	1.12	1.21	0.82	0.56	0.77	0.57
Net charge-offs to loans and leases	0.67	0.95	1.12	0.89	0.63	0.91	0.68
Loss provision to net charge-offs	121.14	118.82	108.21	91.84	89.88	84.62	83.04
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	7.34	8.13	6.64	5.98	5.73	10.51	9.37
Percent of institutions with earnings gains	67.31	56.27	72.68	59.20	65.27	53.98	62.74
Nonint. income to net operating revenue	43.11	42.43	42.15	43.73	42.44	44.09	42.88
Nonint. expense to net operating revenue	60.60	59.87	57.10	57.68	59.39	58.25	60.63
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.74	0.92	0.94	0.77	0.55	0.77	0.55
Noncurrent loans to loans	1.13	1.41	1.46	1.20	0.86	1.20	0.86
Loss reserve to noncurrent loans	149.36	132.42	127.17	145.71	174.64	145.71	174.64
Loss reserve to loans	1.68	1.86	1.85	1.74	1.50	1.74	1.50
Equity capital to assets	8.49	9.06	9.15	9.10	10.10	9.10	10.10
Leverage ratio	7.69	7.78	7.83	7.85	7.83	7.85	7.83
Risk-based capital ratio	12.12	12.70	12.77	12.75	12.62	12.75	12.62
Net loans and leases to assets	60.06	58.18	57.64	57.25	57.43	57.25	57.43
Securities to assets	17.28	17.89	18.86	19.16	18.44	19.16	18.44
Appreciation in securities (% of par)	0.20	0.82	2.22	0.84	0.43	0.84	0.43
Residential mortgage assets to assets	20.19	21.64	23.30	23.28	23.29	23.28	23.29
Total deposits to assets	66.92	66.81	66.27	66.16	66.48	66.16	66.48
Core deposits to assets	46.39	48.72	48.68	48.55	47.56	48.55	47.56
Volatile liabilities to assets	34.97	31.45	31.41	31.03	31.68	31.03	31.68

**Loan performance, FDIC-insured commercial banks**

**Annual 2000--2003, year-to-date through December 31, 2004, fourth quarter 2003, and fourth quarter 2004**

(Dollar figures in millions)

	2000	2001	2002	2003	Preliminary 2004YTD	2003Q4	Preliminary 2004Q4
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	1.25	1.37	1.17	1.02	0.87	1.02	0.87
Loans secured by real estate (RE)	1.26	1.31	1.08	0.90	0.73	0.90	0.73
1- to 4-family residential mortgages	1.72	1.69	1.49	1.29	1.05	1.29	1.05
Home equity loans	0.98	0.79	0.59	0.45	0.37	0.45	0.37
Multifamily residential mortgages	0.55	0.72	0.46	0.48	0.36	0.48	0.36
Commercial RE loans	0.74	0.90	0.68	0.56	0.49	0.56	0.49
Construction RE loans	1.06	1.21	0.89	0.69	0.58	0.69	0.58
Commercial and industrial loans	0.83	1.01	0.89	0.72	0.67	0.72	0.67
Loans to individuals	2.47	2.46	2.22	2.08	1.82	2.08	1.82
Credit cards	2.66	2.70	2.72	2.53	2.24	2.53	2.24
Installment loans and other plans	2.34	2.54	2.08	1.93	1.62	1.93	1.62
All other loans and leases	0.64	0.84	0.58	0.48	0.37	0.48	0.37
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.13	1.41	1.46	1.20	0.86	1.20	0.86
Loans secured by real estate (RE)	0.81	0.96	0.89	0.86	0.65	0.86	0.65
1- to 4-family residential mortgages	0.90	0.97	0.93	1.00	0.82	1.00	0.82
Home equity loans	0.37	0.37	0.30	0.24	0.18	0.24	0.18
Multifamily residential mortgages	0.44	0.46	0.38	0.38	0.35	0.38	0.35
Commercial RE loans	0.72	0.96	0.94	0.90	0.69	0.90	0.69
Construction RE loans	0.76	1.06	0.98	0.70	0.44	0.70	0.44
Commercial and industrial loans	1.66	2.41	2.93	2.10	1.17	2.10	1.17
Loans to individuals	1.41	1.43	1.51	1.53	1.46	1.53	1.46
Credit cards	2.01	2.12	2.24	2.22	2.00	2.22	2.00
Installment loans and other plans	0.98	1.12	1.14	1.14	1.12	1.14	1.12
All other loans and leases	0.70	0.97	1.01	0.66	0.40	0.66	0.40
<b>Percent of loans charged-off, net</b>							
Total loans and leases	0.67	0.95	1.12	0.89	0.63	0.91	0.68
Loans secured by real estate (RE)	0.09	0.19	0.15	0.17	0.08	0.26	0.10
1- to 4-family residential mortgages	0.11	0.22	0.14	0.19	0.08	0.37	0.10
Home equity loans	0.18	0.27	0.19	0.20	0.10	0.26	0.10
Multifamily residential mortgages	0.03	0.04	0.08	0.03	0.04	0.02	0.05
Commercial RE loans	0.05	0.13	0.15	0.13	0.07	0.13	0.10
Construction RE loans	0.05	0.14	0.17	0.14	0.05	0.19	0.06
Commercial and industrial loans	0.81	1.43	1.76	1.26	0.50	1.13	0.53
Loans to individuals	2.43	2.73	3.34	3.04	2.82	3.10	3.05
Credit cards	4.39	5.12	6.38	5.57	5.03	5.72	4.97
Installment loans and other plans	1.18	1.29	1.46	1.45	1.28	1.47	1.60
All other loans and leases	0.23	0.40	0.57	0.40	0.15	0.30	0.19
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$3,815,498	\$3,884,336	\$4,156,181	\$4,428,843	\$4,904,782	\$4,428,843	\$4,904,782
Loans secured by real estate (RE)	1,673,324	1,800,228	2,068,153	2,272,851	2,624,587	2,272,851	2,624,587
1- to 4-family residential mortgages	790,028	810,781	945,708	994,156	1,083,282	994,156	1,083,282
Home equity loans	127,694	154,193	214,724	284,511	398,897	284,511	398,897
Multifamily residential mortgages	60,406	64,131	71,934	79,678	87,907	79,678	87,907
Commercial RE loans	466,453	505,882	555,990	602,725	667,104	602,725	667,104
Construction RE loans	162,613	193,014	207,452	231,510	289,929	231,510	289,929
Farmland loans	34,096	35,533	38,066	40,699	44,599	40,699	44,599
RE loans from foreign offices	32,033	36,695	34,280	39,572	52,869	39,572	52,869
Commercial and industrial loans	1,051,992	981,130	910,808	869,350	908,492	869,350	908,492
Loans to individuals	606,695	629,412	703,748	770,351	838,976	770,351	838,976
Credit cards*	249,425	232,448	275,957	316,006	371,698	316,006	371,698
Other revolving credit plans		34,202	38,209	37,558	39,165	37,558	39,165
Installment loans	357,269	362,762	389,582	416,786	428,112	416,786	428,112
All other loans and leases	486,400	476,689	476,873	519,160	535,935	519,160	535,935
Less: Unearned income	2,912	3,123	3,401	2,870	3,208	2,870	3,208

\*Prior to March 2001, credit cards included "Other revolving credit plans."

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured commercial banks by asset size**  
**Fourth quarter 2003 and fourth quarter 2004**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q4	2004Q4	2003Q4	2004Q4	2003Q4	2004Q4	2003Q4	2004Q4
Number of institutions reporting	3,912	3,655	3,434	3,530	341	360	83	85
Total employees (FTEs)	77,641	70,166	300,622	298,969	236,215	230,458	1,145,039	1,214,877
<b>Selected income data (\$)</b>								
Net income	\$412	\$402	\$2,807	\$2,939	\$3,344	\$3,377	\$19,893	\$20,313
Net interest income	1,919	1,842	8,617	9,299	8,439	8,821	43,002	46,983
Provision for loan losses	161	120	754	692	1,004	898	6,540	5,178
Noninterest income	616	469	3,545	3,305	5,516	5,474	39,203	41,011
Noninterest expense	1,843	1,684	8,001	7,934	7,975	8,175	46,751	53,263
Net operating income	403	401	2,507	2,940	3,313	3,389	19,580	20,066
Cash dividends declared	433	424	2,143	1,929	4,107	1,700	16,412	11,755
Net charge-offs	140	107	837	633	1,016	754	8,003	6,801
<b>Selected condition data (\$)</b>								
Total assets	200,816	189,048	909,981	953,422	947,238	973,041	5,543,106	6,297,333
Total loans and leases	121,846	116,643	592,238	641,905	576,567	627,900	3,138,192	3,518,334
Reserve for losses	1,813	1,677	8,559	8,907	9,489	9,200	57,291	53,729
Securities	50,128	46,770	215,221	210,519	241,433	223,057	949,530	1,070,915
Other real estate owned	317	275	1,183	1,076	628	494	2,090	1,523
Noncurrent loans and leases	1,345	1,107	5,321	4,540	5,483	4,466	40,801	31,980
Total deposits	169,090	158,201	736,873	770,867	645,806	666,535	3,477,251	3,997,222
Domestic deposits	169,071	158,179	735,776	769,169	635,732	655,438	2,747,270	3,144,147
Equity capital	22,635	21,788	90,130	95,309	100,175	106,089	478,990	626,883
Off-balance-sheet derivatives	117	90	6,179	6,693	68,944	76,734	71,290,533	88,216,260
<b>Performance ratios (annualized %)</b>								
Return on equity	7.31	7.38	12.61	12.45	13.65	12.82	16.74	13.43
Return on assets	0.83	0.86	1.25	1.25	1.43	1.41	1.45	1.31
Net interest income to assets	3.86	3.94	3.83	3.95	3.62	3.68	3.13	3.02
Loss provision to assets	0.32	0.26	0.34	0.29	0.43	0.38	0.48	0.33
Net operating income to assets	0.81	0.86	1.11	1.25	1.42	1.42	1.43	1.29
Noninterest income to assets	1.24	1.00	1.58	1.40	2.36	2.29	2.85	2.64
Noninterest expense to assets	3.71	3.61	3.56	3.37	3.42	3.42	3.40	3.42
Loss provision to loans and leases	0.53	0.42	0.52	0.44	0.71	0.58	0.84	0.59
Net charge-offs to loans and leases	0.46	0.37	0.57	0.40	0.71	0.49	1.03	0.78
Loss provision to net charge-offs	114.75	111.86	90.02	109.43	98.89	119.10	81.72	76.13
<b>Performance ratios (%)</b>								
Percent of institutions unprofitable	16.41	15.40	4.54	3.88	4.99	3.89	2.41	1.18
Percent of institutions with earnings gains	51.18	55.84	56.73	68.58	57.48	75.00	57.83	64.71
Nonint. income to net operating revenue	24.31	20.30	29.15	26.22	39.53	38.29	47.69	46.61
Nonint. expense to net operating revenue	72.71	72.86	65.79	62.95	57.15	57.19	56.87	60.53
<b>Condition ratios (%)</b>								
Nonperforming assets to assets	0.83	0.73	0.72	0.59	0.65	0.51	0.80	0.54
Noncurrent loans to loans	1.10	0.95	0.90	0.71	0.95	0.71	1.30	0.91
Loss reserve to noncurrent loans	134.82	151.46	160.85	196.18	173.07	206.01	140.42	168.01
Loss reserve to loans	1.49	1.44	1.45	1.39	1.65	1.47	1.83	1.53
Equity capital to assets	11.27	11.52	9.90	10.00	10.58	10.90	8.64	9.95
Leverage ratio	10.90	11.31	9.32	9.47	9.26	9.36	7.24	7.23
Risk-based capital ratio	17.56	17.93	14.26	14.06	14.65	13.92	12.07	12.07
Net loans and leases to assets	59.77	60.81	64.14	66.39	59.87	63.58	55.58	55.02
Securities to assets	24.96	24.74	23.65	22.08	25.49	22.92	17.13	17.01
Appreciation in securities (% of par)	1.08	0.10	1.16	0.33	1.03	0.21	0.71	0.51
Residential mortgage assets to assets	20.70	20.45	22.27	21.77	26.89	25.75	22.93	23.23
Total deposits to assets	84.20	83.68	80.98	80.85	68.18	68.50	62.73	63.47
Core deposits to assets	71.84	71.04	67.90	66.92	56.01	55.45	43.26	42.71
Volatile liabilities to assets	14.14	14.69	17.57	18.61	24.71	26.57	34.92	34.96

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Loan performance, FDIC-insured commercial banks by asset size**  
**Fourth quarter 2003 and fourth quarter 2004**  
(Dollar figures in millions)

	Less than \$100M		\$100M to \$1B		\$1B to \$10B		Greater than \$10B	
	2003Q4	2004Q4	2003Q4	2004Q4	2003Q4	2004Q4	2003Q4	2004Q4
<b>Percent of loans past due 30-89 days</b>								
Total loans and leases	1.41	1.26	1.01	0.89	0.95	0.79	1.02	0.86
Loans secured by real estate (RE)	1.28	1.14	0.88	0.75	0.71	0.58	0.93	0.74
1- to 4-family residential mortgages	1.92	1.75	1.49	1.29	1.02	0.92	1.28	1.01
Home equity loans	0.61	0.47	0.39	0.36	0.48	0.31	0.44	0.38
Multifamily residential mortgages	0.66	0.71	0.62	0.40	0.29	0.36	0.49	0.34
Commercial RE loans	0.94	0.82	0.60	0.56	0.56	0.40	0.51	0.48
Construction RE loans	0.86	0.76	0.67	0.53	0.64	0.56	0.70	0.60
Commercial and industrial loans	1.52	1.39	1.04	0.97	0.99	0.98	0.60	0.56
Loans to individuals	2.70	2.53	2.23	2.21	2.22	1.82	2.04	1.78
Credit cards	2.47	2.05	4.90	5.86	3.20	2.59	2.42	2.15
Installment loans and other plans	2.75	2.58	1.96	1.81	1.81	1.46	1.91	1.59
All other loans and leases	0.72	0.60	0.69	0.57	0.45	0.46	0.46	0.35
<b>Percent of loans noncurrent</b>								
Total loans and leases	1.10	0.95	0.90	0.71	0.95	0.71	1.30	0.91
Loans secured by real estate (RE)	0.97	0.84	0.80	0.62	0.80	0.60	0.88	0.67
1- to 4-family residential mortgages	0.99	0.95	0.81	0.69	0.84	0.67	1.06	0.86
Home equity loans	0.25	0.25	0.21	0.18	0.28	0.19	0.23	0.18
Multifamily residential mortgages	0.51	0.50	0.46	0.47	0.43	0.23	0.32	0.36
Commercial RE loans	1.06	0.92	0.85	0.69	0.90	0.72	0.91	0.66
Construction RE loans	0.83	0.54	0.80	0.45	0.75	0.46	0.62	0.43
Commercial and industrial loans	1.73	1.47	1.27	1.03	1.40	1.00	2.35	1.21
Loans to individuals	1.01	0.94	0.94	0.90	1.11	0.93	1.64	1.56
Credit cards	1.74	1.33	3.61	3.54	2.24	1.93	2.19	1.98
Installment loans and other plans	1.01	0.95	0.61	0.59	0.55	0.37	1.31	1.29
All other loans and leases	1.02	0.84	1.04	0.67	0.77	0.61	0.62	0.35
<b>Percent of loans charged-off, net</b>								
Total loans and leases	0.46	0.37	0.57	0.40	0.71	0.49	1.03	0.78
Loans secured by real estate (RE)	0.14	0.14	0.15	0.11	0.20	0.10	0.31	0.09
1- to 4-family residential mortgages	0.15	0.14	0.15	0.13	0.12	0.08	0.45	0.10
Home equity loans	0.13	0.04	0.07	0.08	0.18	0.13	0.29	0.10
Multifamily residential mortgages	0.01	0.02	0.09	0.10	0.03	0.03	-0.01	0.03
Commercial RE loans	0.20	0.18	0.16	0.12	0.22	0.12	0.05	0.07
Construction RE loans	0.11	0.13	0.19	0.08	0.42	0.06	0.10	0.05
Commercial and industrial loans	1.24	0.87	1.03	0.92	0.92	0.80	1.17	0.41
Loans to individuals	1.19	1.16	3.06	2.05	2.90	2.29	3.18	3.23
Credit cards	2.94	2.91	18.42	9.89	6.18	4.60	5.37	4.92
Installment loans and other plans	1.15	1.13	1.08	1.08	1.26	0.96	1.57	1.75
All other loans and leases	0.39	0.28	0.59	0.38	0.53	0.42	0.26	0.16
<b>Loans outstanding (\$)</b>								
Total loans and leases	\$121,846	\$116,643	\$592,238	\$641,905	\$576,567	\$627,900	\$3,138,192	\$3,518,334
Loans secured by real estate (RE)	75,318	73,238	415,868	462,508	359,542	410,403	1,422,123	1,678,438
1- to 4-family residential mortgages	30,007	28,331	127,848	135,521	123,760	127,820	712,541	791,609
Home equity loans	2,418	2,583	22,826	27,305	26,923	33,495	232,345	335,513
Multifamily residential mortgages	1,751	1,599	15,978	16,819	17,353	22,118	44,597	47,371
Commercial RE loans	23,431	22,554	171,983	186,382	134,636	154,277	272,675	303,892
Construction RE loans	7,730	8,229	58,689	75,717	50,566	65,534	114,525	140,450
Farmland loans	9,981	9,942	18,509	20,730	5,238	6,200	6,971	7,727
RE loans from foreign offices	0	0	35	32	1,067	960	38,470	51,877
Commercial and industrial loans	19,878	18,545	96,960	101,015	105,914	113,769	646,598	675,162
Loans to individuals	13,012	11,528	50,748	48,261	78,257	73,037	628,334	706,150
Credit cards*	286	182	5,804	5,419	27,196	26,861	282,721	339,236
Other revolving credit plans	183	166	1,638	1,475	3,115	2,756	32,622	34,769
Installment loans	12,543	11,180	43,306	41,367	47,946	43,420	312,991	332,145
All other loans and leases	13,727	13,408	29,233	30,708	33,304	31,168	442,896	460,651
Less: Unearned income	89	75	570	587	450	478	1,760	2,068

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Key indicators, FDIC-insured commercial banks by region**  
**Fourth quarter 2004**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
Number of institutions reporting	595	1,073	1,603	1,988	1,704	667	7,630
Total employees (FTEs)	495,724	413,127	409,667	214,673	173,671	107,608	1,814,470
<b>Selected income data (\$)</b>							
Net income	\$7,942	\$6,673	\$4,722	\$3,112	\$1,447	\$3,135	\$27,030
Net interest income	17,934	15,159	14,187	7,218	4,686	7,759	66,944
Provision for loan losses	2,985	747	784	619	271	1,481	6,888
Noninterest income	18,232	10,020	10,590	5,872	1,895	3,651	50,259
Noninterest expense	21,691	14,908	17,250	7,844	4,311	5,053	71,056
Net operating income	7,828	6,588	4,666	3,112	1,448	3,154	26,796
Cash dividends declared	4,636	3,025	3,628	1,448	1,093	1,977	15,808
Net charge-offs	3,260	813	1,790	981	281	1,170	8,295
<b>Selected condition data (\$)</b>							
Total assets	2,268,721	2,029,617	2,233,505	723,566	509,915	647,520	8,412,844
Total loans and leases	1,208,735	1,181,159	1,219,107	529,532	317,596	448,653	4,904,782
Reserve for losses	22,835	13,573	16,930	7,900	4,071	8,203	73,513
Securities	470,725	434,923	314,704	96,026	119,464	115,419	1,551,261
Other real estate owned	318	759	1,012	443	616	222	3,369
Noncurrent loans and leases	14,198	6,119	10,413	5,535	2,418	3,411	42,093
Total deposits	1,469,052	1,397,186	1,388,245	513,517	395,031	429,795	5,592,825
Domestic deposits	990,107	1,264,409	1,162,747	496,530	392,647	420,492	4,726,933
Equity capital	254,967	177,779	205,986	77,491	57,036	76,808	850,068
Off-balance-sheet derivatives	20,879,520	20,523,266	45,636,245	647,174	52,761	141,981	87,880,946
<b>Performance ratios (annualized %)</b>							
Return on equity	13.07	15.56	9.22	16.25	10.60	16.52	13.08
Return on assets	1.44	1.34	0.84	1.73	1.15	1.95	1.30
Net interest income to assets	3.25	3.04	2.53	4.02	3.73	4.83	3.22
Loss provision to assets	0.54	0.15	0.14	0.34	0.22	0.92	0.33
Net operating income to assets	1.42	1.32	0.83	1.73	1.15	1.96	1.29
Noninterest income to assets	3.31	2.01	1.89	3.27	1.51	2.27	2.42
Noninterest expense to assets	3.94	2.99	3.08	4.37	3.43	3.15	3.42
Loss provision to loans and leases	1.02	0.26	0.26	0.47	0.34	1.33	0.57
Net charge-offs to loans and leases	1.11	0.28	0.58	0.75	0.36	1.05	0.68
Loss provision to net charge-offs	91.57	91.94	43.82	63.14	96.37	126.59	83.04
<b>Performance ratios (%)</b>							
Percent of institutions unprofitable	9.41	10.90	6.36	8.95	11.27	10.49	9.37
Percent of institutions with earnings gains	68.07	68.69	62.57	58.10	58.69	73.01	62.74
Nonint. income to net operating revenue	50.41	39.79	42.74	44.86	28.79	32.00	42.88
Nonint. expense to net operating revenue	59.98	59.21	69.62	59.92	65.50	44.29	60.63
<b>Condition ratios (%)</b>							
Nonperforming assets to assets	0.65	0.35	0.52	0.83	0.60	0.57	0.55
Noncurrent loans to loans	1.17	0.52	0.85	1.05	0.76	0.76	0.86
Loss reserve to noncurrent loans	160.83	221.83	162.59	142.72	168.37	240.52	174.64
Loss reserve to loans	1.89	1.15	1.39	1.49	1.28	1.83	1.50
Equity capital to assets	11.24	8.76	9.22	10.71	11.19	11.86	10.10
Leverage ratio	8.09	7.10	7.09	8.66	8.59	10.18	7.83
Risk-based capital ratio	13.76	11.39	11.98	12.52	13.39	14.35	12.62
Net loans and leases to assets	52.27	57.53	53.82	72.09	61.49	68.02	57.43
Securities to assets	20.75	21.43	14.09	13.27	23.43	17.82	18.44
Appreciation in securities (% of par)	0.32	0.73	0.02	1.37	0.18	0.32	0.43
Residential mortgage assets to assets	18.51	32.73	20.34	23.70	25.45	18.53	23.29
Total deposits to assets	64.75	68.84	62.16	70.97	77.47	66.38	66.48
Core deposits to assets	34.99	54.06	45.05	58.49	62.48	56.00	47.56
Volatile liabilities to assets	42.03	27.37	32.27	21.01	22.31	26.20	31.68

CONDITION AND PERFORMANCE OF COMMERCIAL BANKS

**Loan performance, FDIC-insured commercial banks by region**  
**Fourth quarter 2004**  
(Dollar figures in millions)

	Northeast	Southeast	Central	Midwest	Southwest	West	All institutions
<b>Percent of loans past due 30-89 days</b>							
Total loans and leases	1.03	0.67	0.82	0.93	0.90	0.94	0.87
Loans secured by real estate (RE)	0.74	0.62	0.87	0.79	0.83	0.48	0.73
1- to 4-family residential mortgages	0.90	0.93	1.30	1.18	1.23	0.77	1.05
Home equity loans	0.37	0.34	0.39	0.44	0.42	0.22	0.37
Multifamily residential mortgages	0.17	0.30	0.53	0.35	0.73	0.27	0.36
Commercial RE loans	0.61	0.36	0.62	0.47	0.65	0.29	0.49
Construction RE loans	0.53	0.37	0.77	0.86	0.60	0.59	0.58
Commercial and industrial loans	0.61	0.46	0.70	0.67	0.76	1.23	0.67
Loans to individuals	2.07	1.81	1.25	1.97	1.82	1.74	1.82
Credit cards	2.35	3.05	1.30	2.40	1.76	2.04	2.24
Installment loans and other plans	2.03	1.59	1.30	1.49	1.88	1.23	1.62
All other loans and leases	0.42	0.18	0.43	0.35	0.70	0.40	0.37
<b>Percent of loans noncurrent</b>							
Total loans and leases	1.17	0.52	0.85	1.05	0.76	0.76	0.86
Loans secured by real estate (RE)	0.62	0.40	0.86	1.05	0.70	0.38	0.65
1- to 4-family residential mortgages	0.56	0.47	1.12	1.83	0.81	0.27	0.82
Home equity loans	0.13	0.14	0.25	0.19	0.19	0.10	0.18
Multifamily residential mortgages	0.11	0.33	0.59	0.54	0.51	0.11	0.35
Commercial RE loans	0.71	0.47	1.00	0.71	0.76	0.51	0.69
Construction RE loans	0.44	0.26	0.69	0.61	0.45	0.35	0.44
Commercial and industrial loans	1.45	0.81	1.38	0.83	0.99	1.00	1.17
Loans to individuals	2.19	0.93	0.52	1.49	0.64	1.37	1.46
Credit cards	2.21	1.90	1.07	2.20	1.27	1.82	2.00
Installment loans and other plans	2.55	0.73	0.39	0.53	0.63	0.49	1.12
All other loans and leases	0.38	0.36	0.32	0.54	0.93	0.63	0.40
<b>Percent of loans charged-off, net</b>							
Total loans and leases	1.11	0.28	0.58	0.75	0.36	1.05	0.68
Loans secured by real estate (RE)	0.06	0.06	0.19	0.09	0.11	0.04	0.10
1- to 4-family residential mortgages	0.04	0.05	0.24	0.06	0.12	0.04	0.10
Home equity loans	0.05	0.06	0.16	0.13	0.21	0.05	0.10
Multifamily residential mortgages	0.03	0.05	0.07	0.07	0.11	-0.01	0.05
Commercial RE loans	0.03	0.09	0.21	0.09	0.10	0.04	0.10
Construction RE loans	0.08	0.03	0.13	0.08	0.06	0.02	0.06
Commercial and industrial loans	0.50	0.40	0.44	0.73	0.65	0.91	0.53
Loans to individuals	3.67	1.54	2.78	3.33	1.38	3.51	3.05
Credit cards	5.13	4.87	4.28	5.10	3.57	4.92	4.97
Installment loans and other plans	2.02	0.79	2.35	0.87	1.27	0.67	1.60
All other loans and leases	0.17	0.13	0.26	0.10	0.67	0.03	0.19
<b>Loans outstanding (\$)</b>							
Total loans and leases	\$1,208,735	\$1,181,159	\$1,219,107	\$529,532	\$317,596	\$448,653	\$4,904,782
Loans secured by real estate (RE)	478,432	747,432	640,729	314,556	213,424	230,014	2,624,587
1- to 4-family residential mortgages	205,535	345,444	267,005	128,163	69,038	68,097	1,083,282
Home equity loans	73,751	107,678	116,827	68,940	16,471	15,230	398,897
Multifamily residential mortgages	18,646	16,647	24,617	7,249	5,454	15,294	87,907
Commercial RE loans	106,586	171,000	154,470	69,315	72,816	92,918	667,104
Construction RE loans	26,982	98,214	65,926	26,149	38,829	33,829	289,929
Farmland loans	1,968	5,493	10,342	14,740	8,006	4,050	44,599
RE loans from foreign offices	44,964	2,956	1,543	0	2,810	596	52,869
Commercial and industrial loans	237,605	198,370	255,563	76,840	60,036	80,079	908,492
Loans to individuals	326,297	123,497	152,840	90,975	28,887	116,481	838,976
Credit cards	181,265	23,862	34,428	52,957	1,419	77,767	371,698
Other revolving credit plans	21,664	5,180	5,796	2,710	824	2,991	39,165
Installment loans	123,367	94,454	112,615	35,307	26,644	35,724	428,112
All other loans and leases	168,233	112,352	170,123	47,211	15,484	22,533	535,935
Less: Unearned income	1,831	491	147	50	235	454	3,208

## Glossary

### Data Sources

Data are from the Federal Financial Institutions Examination Council (FFIEC) Reports of Condition and Income (call reports) submitted by all FDIC-insured, national-chartered and state-chartered commercial banks and trust companies in the United States and its territories. Uninsured banks, savings banks, savings associations, and U.S. branches and agencies of foreign banks are excluded from these tables. All data are collected and presented based on the location of each reporting institution's main office. Reported data may include assets and liabilities located outside of the reporting institution's home state.

The data are stored on and retrieved from the OCC's Integrated Banking Information System (IBIS), which is obtained from the FDIC's Research Information System (RIS) database.

### Computation Methodology

For performance ratios constructed by dividing an income statement (flow) item by a balance sheet (stock) item, the income item for the period was annualized (multiplied by the number of periods in a year) and divided by the average balance sheet item for the period (beginning-of-period amount plus end-of-period amount plus any interim periods, divided by the total number of periods). For "pooling-of-interest" mergers, prior period(s) balance sheet items of "acquired" institution(s) are included in balance sheet averages because the year-to-date income reported by the "acquirer" includes the year-to-date results of "acquired" institutions. No adjustments are made for "purchase accounting" mergers because the year-to-date income reported by the "acquirer" does not include the prior-to-merger results of "acquired" institutions.

### Definitions

**Commercial real estate loans**—loans secured by nonfarm nonresidential properties.

**Construction real estate loans**—includes loans for all property types under construction, as well as loans for land acquisition and development.

**Core deposits**—the sum of transaction deposits plus savings deposits plus small time deposits (under \$100,000).

**IBIS**—the OCC's Integrated Banking Information System.

**Leverage ratio**—Tier 1 capital divided by adjusted tangible total assets.

**Loans to individuals**—includes outstanding credit card balances and other secured and unsecured installment loans.

**Net charge-offs to loan and lease reserve**—total loans and leases charged off (removed from balance sheet because of uncollectibility), less amounts recovered on loans and leases previously charged off.

**Net loans and leases to assets**—total loans and leases net of the reserve for losses.

**Net operating income**—income excluding discretionary transactions such as gains (or losses) on the sale of investment securities and extraordinary items. Income taxes subtracted from operating income have been adjusted to exclude the portion applicable to securities gains (or losses).

**Net operating revenue**—the sum of net interest income plus noninterest income.

**Noncurrent loans and leases**—the sum of loans and leases 90 days or more past due plus loans and leases in nonaccrual status.

**Nonperforming assets**—the sum of noncurrent loans and leases plus noncurrent debt securities and other assets plus other real estate owned.

**Number of institutions reporting**—the number of institutions that actually filed a financial report.

**Off-balance-sheet derivatives**—the notional value of futures and forwards, swaps, and options contracts; beginning March 31, 1995, new reporting detail permits the exclusion of spot foreign exchange contracts. For March 31, 1984 through December 31, 1985, only foreign exchange futures and forwards contracts were reported; beginning March 31, 1986, interest rate swaps contracts were reported; beginning March 31, 1990, banks began to report interest rate and other futures and forwards contracts, foreign exchange and other swaps contracts, and all types of option contracts.

**Other real estate owned**—primarily foreclosed property. Direct and indirect investments in real estate ventures are excluded. The amount is reflected net of valuation allowances.

**Percent of institutions unprofitable**—the percent of institutions with negative net income for the respective period.

**Percent of institutions with earnings gains**—the percent of institutions that increased their net income (or decreased their losses) compared to the same period a year earlier.

**Reserve for losses**—the sum of the allowance for loan and lease losses plus the allocated transfer risk reserve.

**Residential mortgage assets**—the sum of 1- to 4-family residential mortgages plus mortgage-backed securities.

**Return on assets (ROA)**—net income (including gains or losses on securities and extraordinary items) as a percentage of average total assets.

**Return on equity (ROE)**—net income (including gains or losses on securities and extraordinary items) as a percentage of average total equity capital.

**Risk-based capital ratio**—total capital divided by risk weighted assets.

**Risk-weighted assets**—assets adjusted for risk-based capital definitions which include on-balance-sheet as well as off-balance-sheet items multiplied by risk weights that range from zero to 100 percent.

**Securities**—excludes securities held in trading accounts. Effective March 31, 1994 with the full implementation of Financial Accounting Standard (FAS) 115, securities classified by banks as “held-to-maturity” are reported at their amortized cost, and securities classified a “available-for-sale” are reported at their current fair (market) values.

**Securities gains (losses)**—net pre-tax realized gains (losses) on held-to-maturity and available-for-sale securities.

**Total capital**—the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of common equity capital plus noncumulative perpetual preferred stock plus minority interest in consolidated subsidiaries less goodwill and other ineligible intangible assets. Tier 2 capital consists of subordinated debt plus intermediate-term preferred stock plus cumulative long-term preferred stock plus a portion of a bank’s allowance for loan and lease losses. The amount of eligible intangibles (including mortgage servicing rights) included in Tier 1 capital and the amount of the allowance included in Tier 2 capital are limited in accordance with supervisory capital regulations.

**Volatile liabilities**—the sum of large-denomination time deposits plus foreign-office deposits plus federal funds purchased plus securities sold under agreements to repurchase plus other borrowings. Beginning March 31, 1994, new reporting detail permits the exclusion of other borrowed money with original maturity of more than one year; previously, all other borrowed money was included. Also beginning March 31, 1994, the newly reported “trading liabilities less revaluation losses on assets held in trading accounts” is included.